

DIA and NAVY review(s) completed.

State Dept. review completed

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GENERAL

1. British reject Chinese request for arms--Secretary Byrnes has been informed by Bevin that Britain has refused to grant a Chinese request to purchase arms from the UK.
2. New information on Nazi-looted gold--Murphy reports the discovery of records which permit positive identification of certain gold, valued at more than \$67,000,000, which was seized by the Germans in Holland and subsequently transferred to Switzerland. He suggests that since the previous settlement with the Swiss concerned only looted Belgian gold, an approach to the Swiss regarding this Dutch gold should now be considered.

EUROPE

3. USSR: US protests Soviet vessels entering Alaskan port--Pursuant to a Navy Department request, the State Department has instructed Embassy Moscow to protest to the Soviet Government the entry into Dutch Harbor for refueling on 23 September of a Soviet merchant vessel and two tugs. At the time of the vessels' departure from San Francisco, Soviet authorities there had been informed that calls at Alaskan ports were not authorized.

Malenkov rumored in disfavor--US Military Attache Moscow has been informed [redacted] that G. M. Malenkov is in "serious difficulties" with the Kremlin. (Malenkov is a member of the Politburo, the Orgburo, the Presidium of the Supreme Soviet, Secretary and Chief of Personnel of the Central Committee of the Party and is considered one of the three or four most influential men in the USSR.)

New currency issue rumored--The MA also reports a rumor of uncertain reliability to the effect that outstanding Soviet currency is to be recalled and replaced with a new issue of approximately equal value. The MA comments that such a measure would facilitate an unofficial investigation of any funds derived from illegal operations and would tend to deflate currency by reducing the amount in circulation.

4. RUMANIA: US employee released--US Delegation ACC Bucharest reports that its employee who was arrested last May [redacted]

[redacted] has just been released. Although never actually tortured, he was kept under continuing mental

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NO CHANGE in Class. ☐

☐ DECLASSIFIED

Class. CHANGED TO: TS S ©

DDA Memo, 4 Apr 77

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pressure to reveal all he knew concerning the US Delegation and finally, as a condition to his release, signed statements which named persons from whom he had obtained "minor bits" of information for the Delegation and falsely implicated the Delegation in the "resistance movement in Rumania."

5. **YUGOSLAVIA: Treatment of claimants of US citizenship**--The State Department has instructed Embassy Belgrade to reject the Yugoslav Government's contention that its treatment of claimants to US citizenship is "in full harmony with the laws and customs of other civilized peoples." The US contends that Yugoslavia's treatment of these persons "claiming the nationality of a friendly power" (a) possesses "no features distinguishable from slave labor," (b) "violates established principles of international law," and (c) is inferior even to that specified for prisoners of war by the Geneva Convention. The note demands that Yugoslavia promptly permit all US citizens now detained to leave the country.
6. **HUNGARY: Government to sign Peace Treaty**--According to US Minister Schoenfeld, Premier Nagy and his associates are determined to accept the Peace Treaty in view of (a) their belief that the Western Powers are striving for world peace based on democracy and justice; (b) their hope of finding a more favorable solution to their problems under UN; and (c) their desire to avoid Soviet intervention in case of disorders arising from popular feeling against the Treaty. Nagy, however, is reported to be concerned over the nationalistic peasantry's opposition to the Treaty.

Soviet demands--According to a report which Schoenfeld "is inclined to believe," the Soviets recently "insisted" that Premier Nagy maintain the present coalition Government and force the Catholic Church to abolish its educational and youth activities. Nagy, although acquiescing to the first demand, is reported to have flatly rejected the second and to have obtained Soviet assurance that the matter would be left "entirely up to him."

7. **FRANCE: Explanation of De Gaulle's pre-referendum statement**--
 told Caffery on 11 October that De Gaulle believed that the Constitution would receive popular approval on 13 October but issued his 9 October statement opposing the Constitution

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"primarily" to increase the "no" vote so as to be in a position to lead the campaign to revise it.

NEAR EAST-AFRICA

8. IRAN: Accord with Qashqais near--US Ambassador Allen reports that the Qashqais have withdrawn their demands for a reshuffle of the Cabinet and the dismissal of Tudeh cabinet members and that a Government delegation has left Tehran to sign the final accord. Qavam has agreed to some local autonomy for Fars province and will appoint certain Qashqais as officials there. The Shah will grant general amnesty for those who participated in the revolt. The Iranian Chief of Staff has declared that he is confident there will be no more real fighting in the south.

FAR EAST

9. CHINA: Soviet pressure on Manchuria and Sinkiang--Consul General Shanghai has transmitted a statement by Wong Wen-hao, Vice-President of the Executive Yuan, that Soviet pressure in Manchuria recently culminated in a note protesting the use by Nationalist troops of jointly owned Manchurian railways in war offensives. Wong added that the Chinese flatly rejected the note but are "fearful" of the next Soviet step.

In Sinkiang, according to Wong, the Soviets are interested in exclusive rights to mineral and oil resources [redacted]

[redacted] and "a degree of monetary control not yet made clear." However, the Chinese Vice-Minister of Foreign Affairs has told Embassy Nanking that the Soviets have not made demands of an exclusive nature; this Chinese official regards the proposal as a "bona fide approach" to increase trade, which both Nanking and the Sinkiang Provincial Government desire.

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